

Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 ISO-00 EB-08 NSC-05 TRSE-00 COME-00
CEA-01 CIAE-00 INR-10 LAB-04 NSAE-00 SIL-01 /049 W
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FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC 1325

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E.O. 11652: N/A
TAGS: ELAB, ETRD, RO
SUBJECT: REQUEST FOR INFORMATION ON LABOR STANDARDS

REF: (A) STATE 136706, (B) STATE 194523

1. POST REGRETS LATENESS OF REPLY TO REFS A AND B.
HOWEVER, WE ARE CERTAIN THAT DEPARTMENT APPRECIATES
FACT THAT DATA OF THIS TYPE IS DIFFICULT TO COME BY
IN ROMANIA WHERE FLOW OF INFORMATION IS SEVERELY
RESTRICTED.

2. FOLLOWING INFORMATION HAS BEEN OBTAINED FOR
SPECIFIC CATEGORIES OF DATA REQUESTED PARA 3, REF A:

A. LAW AND/OR PRACTICE CONCERNING SLAVE, INDEN-
TURED OR OTHER FORCED LABOR - GOR OFFICIALLY PROHIBITS
ALL MANIFESTATIONS OF THIS TYPE OF LABOR. THIS POLICY
IS EMBODIED IN FOLLOWING LAWS/AGREEMENTS:

(1) FOR IS PARTY TO CONVENTION ON SLAVERY SIGNED
IN GENEVA ON SEPT. 26, 1926. PROVISIONS OF CONVENTION
ARE INCLUDED IN LAW 55 OF APRIL 1, 1931, WHICH IS STILL
IN FORCE.

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(2) ARTICLE 6 OF LABOR CODE (LAW 10 OF NOV. 23,
1972) SPECIFICALLY PHROHIBITS EXPLOITATION OF A PERSON'S
WORK BY OTHERS.

(3) ARTICLE 5 OF ROMANIAN CONSTITUTION EXPLICITLY
PROHIBITS EXPLOITATION OF MAN BY MAN.
COMMENT: WE KNOW OF NO INSTANCES WHERE ABOVE LAWS

HAVE BEEN APPLIED OR NOT APPLIED IN DISCRIMINATRY FASHION IN SECOTRS PRODUCING FOR DOMESTIC OR EXPORT MARKETS. END COMMENT.

B. LAW AND/OR PRACTICE REGARDING CHILD LABOR - IN GENERAL, LABOR CODE PROHIBITS INDUSTRIAL EMPLOYMENT FOR THOSE UNDER 16. APPLICABLE PROVISIONS OF LABOR CODE ARE:

(1) ARTICLE 7, WHICH STATES THAT WORK IS A DUTY BEGINNING WITH AGE OF 16 FOR THOSE NOT IN SCHOOL. IN INDUSTRY, TEMPORARY EMPLOYMENT IS PERMITTED FROM AGE OF 15 WITH APPROVAL OF PARENTS AND ONLY FOR ACTIVITIES, QUOTE, CORRESPONDING TO PHYSICAL DEVELOPMENT, TALENTS, AND KNOWLEDGE OF THE YOUTH, END QUOTE.

(2) ARTICLE 161, WHICH SPECIFIES THAT NO ONE UNDER AGE OF 18 CAN BE EMPLOYED AT WORK PLACES CLASSIFIED AS DIFFICULT, HARMFUL OR DANGEROUS. FURTHER, THOSE UNDER 18 CANNOT BE USED FOR NIGHT WORK.

(3) ARTICLE 162, WHICH STIPULATES THAT PERSONS BETWEEN AGES OF 14-16 WILL WORK NO MORE THAN 6 HOURS PER DAY BUT WILL RECEIVE NORMAL SALARY FOR POSITION THEY FILL.

COMMENT: WE ARE NOT AWARE OF ANY CIRCUMSTANCES IN LIMITED OFFICIAL USE

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WHICH ABOVE PROVISIONS HAVE BEEN VIOLATED OR SPECIAL EXCLUSIONS HAVE BEEN GRANTED TO EXPORT-RELATED INDUSTRIES. END COMMENT.

C. LAW AND/OR PRACTICE REGULATING SAFETY AT WORK PLACE - ROMANIAN CONSTITUTION CONTAINS GENERAL CLAUSE THAT STANDARDS FOR LABOR SAFETY WILL BE PRESCRIBED BY LAW. LABOR CODE INCORPORATES FOLLOWING PERTINENT PROVISIONS:

(1) ARTICLE 19 - WORKERS HAVE RIGHT TO SAFETY AT WORK PLACE; FUNDS WILL BE ALLOCATED TO PREVENT ACCIDENTS AND PROFESSIONAL DISEASES.

(2) ARTICLE 29 - INDUSTRIAL WORKERS WILL BE GIVEN APPROPRIATE WORKING AND SAFETY OUTFITS. THOSE WORKING IN HARMFUL OR DANGEROUS ENVIRONMENTS HAVE RIGHT TO REDUCED WORKING HOURS, INCREASED SALARIES AND SUPPLEMENTARY LEAVE.

(3) ARTICLES 138-143 - NATIONAL NORMS FOR LABOR SAFETY ARE CUMPULSORY FOR ALL PLACES OF WORK. FOR

SPECIAL PLACES OF WORK, LOCAL NORMS WILL ALSO BE
ADDED. IN HARFUL AND DANGEROUS ENVIRONMENTS,
WORKERS WILL RECEIVE FREE SAFETY OUTFITS AND SPECIAL
FOOD TO INCREASE THEIR BODILY RESISTANCE.
COMMENT: NOTWITHSTANDING ABOVE JURIDICAL FRAME-
WORK, ON BASIS OF NUMBER OF PLANT VISITS BY EMBOFFS
IT SEEMS CLEAR THAT GENERAL SAFETY CONDITIONS AT
FACTORY LEVEL ARE WELL BELOW WESTERN STANDARDS.
THIS IS TRUE FOR VARIETY OF REASONS, INCLUDING
RESISTANCE OF WORKERS TO EMPLOYING SAFETY DEVICES
PROVIDED. IN GENERAL THOUGH, WE HAVE SEEN NO EVIDENCE
WHICH SUGGESTS THAT SAFETY STANDARDS VARY BETWEEN
PLANTS PRODUCING FOR EXPORT AND DOMESTIC MARKETS. ONE
EXAMPLE OF GROUP WHICH RECEIVES BONUS PAY, WORK OUTFITS
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AND SPECIAL FOOD IS COAL MINERS. END COMMENT.

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D. LAW AND/OR PRACTICE APPLYING TO DIFFERENTIAL
LABOR REGULATIONS FOR FREE TRADE ZONES, EXPORTING OR
IMPORT SUBSTITUTION INDUSTRIES, OR FOREIGN MANUFACTURING
INVESTMENTS IN ROMANIA - SPECIAL REGULATIONS GOVERNING
OPERATIONS OF FOREIGN INVESTMENTS AND FREE TRADE ZONES
DO EXIST IN ROMANIA; HOWEVER, THESE REGULATIONS DO NOT
AFFECT THE LEVEL OF SALARIES ACTUALLY ACCORDED TO WORKERS
IN THESE AREAS AND DO NOT EXEMPT THEM FROM GENERAL LABOR
REGULATIONS ENFORCED THROUGHOUT THE ECONOMY.

COMMENT: WITH SPECIFIC REFERENCE TO UNION ACTIVITIES, INDEPENDENT UNIONS DO NOT EXIST IN ROMANIA IN THE WESTERN SENSE. ALTHOUGH ALL WORKERS BELONG TO LABOR UNIONS, THESE ORGANIZATIONS ARE ASSOCIATIONS WHICH FORM INTEGRAL PARTS OF GOVERNMENT AND PARTY APPARATUS. CONSEQUENTLY, UNIONS SERVE TO ENDORSE AND REINFORCE GOVERNMENT- AND PARTY-DIRECTED LABOR POLICIES. COLLECTIVE BARGAINING IS VIRTUALLY UNKNOWN AND STRIKES ARE IMPLICITLY ILLEGAL. AS FAR AS WAGE LEVELS ARE CONCERNED, BASIC WAGE LEVELS FOR SIMILAR WORK ARE UNIFORM THROUGHOUT THE ECONOMY. NO PROVISIONS EXIST WHICH WOULD ARTIFICIALLY DEPRESS WAGE LEVELS IN EXPORT-RELATED INDUSTRIES. ON CONTRARY, WORKERS IN INDUSTRIES THAT ARE DESIGNATED AS HAVING HIGH DEVELOPMENTAL PRIORITY, AMONG WHICH PRESUMABLY MANY EXPORTING FIRMS WOULD BE INCLUDED, HAVE POSSIBILITIES TO EARN LIMITED OFFICIAL USE

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HIGHER THAN AVERAGE SALARIES THROUGH VARIOUS BONUS AND INCENTIVE SCHEMES GEARED TO FULFILLMENT OF PLANNED PRODUCTION TARGETS. END COMMENT.

3. COMMENT: TWO FACTORS ARE OF PARAMOUNT IMPORTANCE IN DEPARTMENT'S CONSIDERATION OF ABOVE INFORMATION. THESE ARE (1) ROMANIA'S STATUS AS DEVELOPING COUNTRY AND (2) FACT THAT ROMANIAN ECONOMY IS ORGANIZED ON BASIS OF CLASSIC, CENTRALLY PLANNED, COMMUNIST-STYLE MODEL. IN SOME AREAS, THESE TWO FACTORS AFFORD ROMANIA A LIMITED COMPETITIVE EDGE (DIFFICULT TO QUANTIFY) IN CARRYING OUT INTERNATIONAL TRADE OVER COUNTRIES WHICH ARE MORE DEVELOPED AND HAVE ECONOMIES PATTERNED IN MORE OR LESS TRADITIONAL CAPITALISTIC STYLE SUCH AS U.S.

4. PERHAPS THE MOST OBVIOUS ADVANTAGE ROMANIA AND OTHER DEVELOPING COUNTRIES ENJOY IS FACT THAT WAGE SCALES ARE LOW AND COMPRISE RELATIVELY SMALL PORTION OF TOTAL COST OF MANUFACTURED OUTPUT. HENCE, PRICES FOR GOODS THAT ARE DEEMED COMPARABLE IN QUALITY WITH THOSE PRODUCED IN DEVELOPED WORLD MUST NECESSARILY BE LOWER, ALL OTHER FACTORS BEING EQUAL. OF COURSE, OTHER FACTORS ARE NOT EQUAL; PRODUCTIVITY PER LABORER IS IMMESURABLY LOWER IN ROMANIA. FACT THAT LABOR SAFETY AND POLLUTION STANDARDS ARE EITHER LESS DEVELOPED OR LESS STRINGENTLY ENFORCED MEANS THAT ATTEMPTS TO COMPENSATE FOR THESE CONSIDERATIONS CONTRIBUTE ONLY IN SMALL MEASURE TO COST OF FINAL OUTPUT, AGAIN TENDING TOWARD COMPETITIVE PRICE ADVANTAGE.

5. STATE OWNERSHIP OF MEANS OF PRODUCTION AND CENTRAL

PLANNING ALSO SERVE TO AFFORD ROMANIA COMPETITIVE EDGE IN
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INTERNATIONAL TRADE. SYSTEM OF CNTRALIZED PRICE SETTING
PERMITS ROMANIA TO SET PRICES FOR EXPORTS AT OR BELOW
WORLD MARKET LEVELS ARBITRARILY, EVEN IF THESE PRICES
DO NOT REFLECT COST OF PRODUCTION. TYPICAL RESULT IS
THAT KEY "ENFANT" INDUSTRIES CAN AND DO RECEIVE SUBSTANTIAL
STATE SUBSIDIES. ALSO, SINCE STATE CAN UNDERWRITE ALL
INSURANCE AND TRANSPORTATION ARRANGEMENTS, THESE COMPO-
NENTS OF TOTAL COST FOR EXPORTS ARE REDUCED IN COM-
PARISON WITH SIMILAR ARRANGMENTS THAT MUST BE MADE
THROUGH PRIVATE SECTOR IN OTHER COUNTRIES.

6. THERE ARE OF COURSE MANY OTHER EXAMPLES THAT
CAN BE CITED TO EXPAND ON THIS THEME. MOST, IF NOT ALL,
ARE ALREADY FAMILIAR TO DEPARTMENT. POINT WE ARE
MAKING IS SIMPLY THAT WHAT COMPETITIVE ADVANTAGE ROMANIA
DOES GAIN IN INTERNATIONAL TRADE IS ENDEMIC TO HER
LEVEL OF DEVELOPMENT AND SYSTEM OF ECONOMIC ORGANIZA-
TION, RATHER THAN ANY DISCRIMINATORY APPLICATION
OF LAWS OR STANDARDS FOR EXPORT-RELATED INDUSTRIES.
END COMMENT.
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